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TRAVELERS PROPERTY CASUALTY CORP

Form 8-K

July 18, 2002

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 17, 2002

Travelers Property Casualty Corp.
(Exact Name of Registrant as Specified in Its Charter)

Connecticut (State or Other Jurisdiction of Incorporation)	001-31266 (Commission File Number)	06-1008174 (IRS Employer Identification No.)
---	--	--

One Tower Square, Hartford, Connecticut 06183
(Address of principal executive offices) (Zip Code)

(860) 277-0111
(Registrant's telephone number, including area code)

Travelers Property Casualty Corp.
Current Report on Form 8-K

ITEM 5. OTHER EVENTS.

On July 17, 2002 Travelers Property Casualty Corp. (NYSE: TAP.A) reported that operating income increased 14% over the prior year quarter to \$356.8 million or \$0.36 per share compared to \$314.3 million or \$0.31 per share for the prior year quarter (adjusted to reflect the shares issued in the March 2002 initial public offering). On an unadjusted basis operating income was \$0.41 per share in the prior year quarter.

This increase in operating income was driven by the continuing favorable rate environment and production levels, lower catastrophe losses and our ongoing focus on managing expenses. These factors were partly offset by unfavorable prior year reserve development in the current quarter versus favorable prior year reserve development in the prior year quarter and by lower net investment income. The Company's statutory combined ratio was 99.1% compared to 101.6% in the prior year quarter.

Net income, which also includes realized investment gains and losses, was \$332.0 million for the quarter or \$0.33 per share compared to \$343.4 million or \$0.34 per share on an adjusted basis in the prior year quarter (\$0.45 per share on an unadjusted basis). The decrease in net income was primarily attributable to \$24.0 million of after-tax net realized investment losses in the second quarter of 2002 versus \$32.2 million of net realized investment gains in the prior year quarter.

Net written premiums increased \$664.4 million or 27% from the prior year quarter to \$3.096 billion, which included \$326.2 million from the Northland and

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Associates businesses acquired in the fourth quarter of 2001.

"We are very pleased with our overall business performance in the quarter, particularly in light of the challenging investment environment," said Robert I. Lipp, Chairman and Chief Executive Officer. "We continue to see the benefits of very solid fundamentals in our insurance operations, which allowed us to achieve a return on equity in excess of 14%. Rate increases remain strong across all businesses. Independent agents are seeking to place more of their business with stable, high quality insurers like Travelers, and we remain focused on being a consistent and financially strong partner to this critically important distribution channel.

"A significant part of our competitive strength is our continuing emphasis on expense control and operational discipline. During the quarter, we consolidated a number of claims offices and eliminated marginally performing distribution channels within Personal Lines. We also continued the migration of personal lines customers and small commercial accounts to our various service centers, further leveraging and expanding our technology and process platform," added Mr. Lipp.

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For the six months ended June 30, 2002, operating income increased 3% over the prior year period to \$683.4 million or \$0.68 per share on an adjusted basis (\$0.76 on an unadjusted basis) compared to \$663.1 million or \$0.66 per share on an adjusted basis (\$0.86 on an unadjusted basis).

Net income for the six months was \$434.1 million compared to \$822.0 million for the prior year period. The current period included a first quarter charge of \$242.6 million, after tax, resulting from a change in accounting principles attributed to goodwill and \$5.1 million of net realized investment losses, after tax. The prior year period included \$157.5 million of net realized investment gains, after tax.

CONSOLIDATED RESULTS

(\$ millions)	Second Quarter		Six Months	
	2002	2001	2002	2001
	-----	-----	-----	-----
Operating income	\$356.8	\$314.3	\$683.4	\$663.1
Realized investment gains (losses)	(24.0)	32.2	(5.1)	157.5
Restructuring charge	(0.8)	(1.8)	(1.6)	(1.8)
Cumulative effect of accounting changes	--	(1.3)	(242.6)	3.2
	-----	-----	-----	-----
Net income	\$332.0	\$343.4	\$434.1	\$822.0
	=====	=====	=====	=====

COMMERCIAL LINES FUNDAMENTALS CONTINUE TO IMPROVE

Net written premiums increased \$545.9 million to \$1.922 billion in the second quarter of 2002 compared to \$1.376 billion in the prior year quarter. The acquisition of Northland and Associates contributed \$299.5 million of the increase, including approximately \$115 million relating to our termination of certain reinsurance contracts.

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- In Commercial Accounts, which serves mid-sized businesses, net written premiums increased 73% to \$912.1 million. Excluding the impact of Northland and Associates, premiums were up 16% to \$612.6 million primarily driven by renewal price changes averaging 23% and strong growth in new business.
- In Select Accounts, which serves small businesses, net written premiums increased 8% to \$472.9 million primarily due to renewal price changes averaging 18% and strong retention.
- Higher prices in professional liability and fidelity and surety helped to increase Bond's net written premiums by 12% to \$159.5 million. Reductions in exposures in certain programs, including assumed reinsurance, transportation and property, offset increases in Gulf's core specialty lines, resulting in an overall decrease in Gulf's net written premiums of 5% to \$180.2 million.

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- In National Accounts, which serves large corporations and state-sponsored workers' compensation residual market pools, net written premiums more than doubled to \$196.8 million due to rate increases, higher new business levels and the renewal of certain assumed reinsurance contracts previously written by Gulf. Written fees in National Accounts rose 39% to \$117.7 million as pricing for loss prevention and claims administrative services increased and more business turned to state residual marketpools for workers' compensation.

Operating income increased \$8.0 million over the prior year quarter to \$310.5 million driven by rate increases considerably in excess of loss trends, higher production levels, lower catastrophe losses and our ongoing focus on managing expenses. These factors were partly offset by unfavorable prior year reserve development in the current quarter versus favorable prior year reserve development last year and by lower net investment income. The statutory combined ratio for the quarter was 98.3% compared to 100.1% in the same period last year.

PERSONAL LINES PREMIUMS RISE ON RATE INCREASES

Net written premiums increased \$118.5 million or 11% over the prior year quarter to \$1.174 billion, principally as a result of rate increases in both the Automobile and the Homeowners and Other lines of business. The Northland acquisition contributed \$26.7 million to this rise.

- Automobile net written premiums increased 9% to \$714.6 million. Excluding the impact of Northland, premiums increased 6% to \$692.7 million. Renewal price changes averaged 9%, and retention levels were consistent with prior quarters.
- Homeowners and Other net written premiums increased 14% to \$459.4 million. Renewal price changes averaged 16% and retention levels were also consistent with prior quarters.
- Production through our independent agents, which represented over 80% of net written premiums, was up 14% to \$961.4 million.
- Net written premiums through channels other than independent agents was up only 2% to \$212.6 million, as the favorable impact of renewal price changes was predominantly offset by a reduction in policies in force due to underwriting actions taken on marginal businesses.

Operating income increased 41% over the prior year quarter to \$70.0 million principally due to lower catastrophe losses. Operating income also benefited from price increases that continue to exceed loss trends and our ongoing focus

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on managing expenses. These factors were partly offset by unfavorable prior year reserve development in the current quarter versus favorable prior year reserve development in the prior year quarter and by lower net investment income. The statutory combined ratio for the second quarter of 2002 was 100.4% compared to 103.9% in the prior year quarter.

INTEREST EXPENSE AND OTHER DECLINED

The after tax charge of \$23.7 million in the quarter for Interest Expense and Other decreased from \$37.9 million in the prior year quarter. The primary component of this charge was interest expense, which amounted to \$25.5 million, after tax, and \$34.3

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million in the 2001 quarter. The reduction in interest expense is due to lower average interest-bearing debt levels primarily related to the repayment of debt obligations to Citigroup in the 2002 first quarter. Strong cash flows enabled us to pre-pay an additional \$150.0 million of debt obligations to Citigroup in this quarter.

INVESTMENT HIGHLIGHTS

After tax net investment income of \$346.4 million decreased \$32.6 million from the prior year quarter. The decrease, which resulted from a reduction in the after tax investment yield from 5.1% to 4.3%, was partially offset by investment returns on higher average invested assets. This rise in average invested assets was due to the Northland and Associates acquisitions and increased cash flow from operations.

Net realized investment losses for the quarter comprise impairments of \$126.7 million for the quarter, including a \$68.5 million write down in our WorldCom bonds, from \$83.4 million to \$14.9 million, along with \$90.7 million of net realized investment gains.

Invested assets increased \$893.4 million in the current quarter to \$33.4 billion as the Company benefited from increased cash flow from operations and higher carrying values of the fixed income portfolio resulting from lower interest rates. Unrealized investment gains were \$579.0 million at the end of the second quarter.

Travelers Property Casualty Corp. (NYSE: TAP.A) is a leading provider of a broad range of insurance products and services for commercial markets and for auto and homeowners insurance for consumers. The company is a member of Citigroup (NYSE: C), a diversified, global financial services company. During March 2002, Travelers Property Casualty completed its initial public offering of 231 million shares of class A common stock. Citigroup has stated its intention to make a tax-free distribution to its stockholders of a portion of its ownership interest in Travelers by year-end 2002, such that following the distribution, Citigroup would remain a holder of approximately 9.9% of Travelers equity. The distribution is subject to various regulatory approvals as well as a private letter ruling from the Internal Revenue Service and various other conditions.

Statements made in this press release may include forward-looking information subject to risks, uncertainties and other facts that could materially affect actual results.

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SUMMARY OF FINANCIAL INFORMATION
(in millions, except per share data)

TRAVELERS PROPERTY CASUALTY CORP.

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	AS OF AND FOR THE QUARTER ENDED JUNE 30,	
	2002	2001

OPERATING INCOME	\$ 356.8	\$ 314.3
Realized investment gains (losses)	(24.0)	32.2
Restructuring charge	(.8)	(1.8)
Cumulative effect of changes in accounting principles	--	(1.3)

Net income	332.0	343.4
Goodwill amortization	--	17.9

Net income excluding goodwill amortization	\$ 332.0	\$ 361.3

BASIC AND DILUTED EARNINGS PER SHARE:		
OPERATING INCOME	\$ 0.36	\$ 0.41
Realized investment gains (losses)	(0.03)	0.04
Cumulative effect of changes in accounting principles	--	--

Net income	0.33	0.45
Goodwill amortization	--	0.02

Net income excluding goodwill amortization	\$ 0.33	\$ 0.47

Dividends declared	\$ --	\$ 318.5
Basic and diluted weighted average number of common shares outstanding and common stock equivalents	1,000.0	769.0
Common shares outstanding at period end	1,000.0	769.0

ADJUSTED EARNINGS PER SHARE: (2)		
OPERATING INCOME	\$ 0.36	\$ 0.31
Realized investment gains (losses)	(0.03)	0.03
Cumulative effect of changes in accounting principles	--	--

Net income	0.33	0.34
Goodwill amortization	--	0.02

Net income excluding goodwill amortization	\$ 0.33	\$ 0.36

OPERATING INCOME (LOSS) BY SEGMENT		
Commercial Lines	\$ 310.5	\$ 302.5
Personal Lines	70.0	49.7
Interest Expense and Other	(23.7)	(37.9)

	\$ 356.8	\$ 314.3

REVENUES		
Premiums	\$ 2,756.7	\$ 2,290.8
Net investment income	464.8	518.3
Fee income	108.8	83.9
Realized investment gains (losses)	(36.0)	49.3
Other income	25.5	40.7

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\$ 3,319.8

\$ 2,983.0

- (1) 1Q02 dividends were primarily paid in the form of notes, which were partially prepaid from the \$4.1 billion of net proceeds from the March 2002 initial public offering and the issuance of \$892.5 million of convertible notes.
- (2) Adjusted earnings per share (basic and diluted) have been computed assuming the additional 231.0 million shares issued in connection with the March 2002 initial public offering were outstanding for all periods presented.

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SUMMARY OF FINANCIAL INFORMATION
(in millions, except percentage data)

TRAVELERS PROPERTY CASUALTY CORP.

	FOR THE QUARTER ENDED JUNE 30,		
	2002	2001	
REVENUES BY SEGMENT EXCLUDING REALIZED INVESTMENT GAINS (LOSSES)			
Commercial Lines	\$2,173.1	\$1,836.0	\$4
Personal Lines	1,182.8	1,098.9	2
Interest Expense and Other	(0.1)	(1.2)	
	\$3,355.8	\$2,933.7	\$6
NET WRITTEN PREMIUMS			
Commercial Lines	\$1,921.5	\$1,375.6	\$3
Personal Lines	1,174.0	1,055.5	2
	\$3,095.5	\$2,431.1	\$5
STATUTORY COMBINED RATIOS:			
COMMERCIAL LINES			
Loss and loss adjustment expense ratio	73.2%	72.2%	
Other underwriting expense ratio	25.1%	27.9%	
Combined ratio	98.3%	100.1%	
PERSONAL LINES			
Loss and loss adjustment expense ratio	76.6%	79.4%	
Other underwriting expense ratio	23.8%	24.5%	
Combined ratio	100.4%	103.9%	
TOTAL COMPANY			
Loss and loss adjustment expense ratio	74.5%	75.2%	
Other underwriting expense ratio	24.6%	26.4%	
Combined ratio	99.1%	101.6%	

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TRAVELERS PROPERTY CASUALTY CORP.
SECOND QUARTER 2002 FINANCIAL SUPPLEMENT

[TRAVELERS LOGO]

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TRAVELERS PROPERTY CASUALTY CORP.
FINANCIAL HIGHLIGHTS

[TRAVELERS LOGO]

TRAVELERS PROPERTY CASUALTY CORP. IS ONE OF THE LARGEST PROPERTY AND CASUALTY INSURANCE COMPANIES IN THE UNITED STATES. THE COMPANY IS ENGAGED IN PROVIDING A WIDE RANGE OF COMMERCIAL AND PERSONAL PROPERTY AND CASUALTY INSURANCE PRODUCTS AND SERVICES TO BUSINESSES, ASSOCIATIONS AND INDIVIDUALS.

1Q	2Q	3Q	2
2001	2001	2001	ADJUS

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Operating income (loss) (millions) (2)	\$ 348.8	\$ 314.3	\$ (121.7)	\$
Net income (loss) (millions)	\$ 478.6	\$ 343.4	\$ (59.9)	\$
Net income (loss) adjusted (millions) (3)	\$ 496.5	\$ 361.3	\$ (42.0)	\$
Earnings per share (basic and diluted):				
Operating income (loss)	\$ 0.45	\$ 0.41	\$ (0.16)	\$
Net income (loss)	\$ 0.62	\$ 0.45	\$ (0.08)	\$
Net income (loss) adjusted (3)	\$ 0.65	\$ 0.47	\$ (0.05)	\$
Adjusted earnings per share (4):				
Operating income (loss)	\$ 0.35	\$ 0.31	\$ (0.12)	\$
Net income (loss)	\$ 0.48	\$ 0.34	\$ (0.06)	\$
Net income (loss) adjusted (3)	\$ 0.50	\$ 0.36	\$ (0.04)	\$
Total assets, at period end (billions)	\$ 54.8	\$ 53.4	\$ 56.4	\$
Total equity, at period end (billions)	\$ 9.9	\$ 9.9	\$ 10.1	\$
Book value per share, at period end	\$ 12.84	\$ 12.89	\$ 13.08	\$
Book value per share, excluding FAS 115, at period end	\$ 12.24	\$ 12.48	\$ 12.41	\$
Return on equity	14.7%	12.7%	(4.9)%	
Return on equity, excluding FAS 115	15.4%	13.2%	(5.1)%	
Weighted average number of common shares outstanding and common stock equivalents (basic and diluted) (millions)				
Common shares outstanding at period end (millions)	769.0	769.0	769.0	

	1Q 2002	2Q 2002	YTD 2Q 2001	
	-----	-----	-----	-----
Operating income (loss) (millions) (2)	\$ 326.6	\$ 356.8	\$ 663.1	\$
Net income (loss) (millions)	\$ 102.1	\$ 332.0	\$ 822.0	\$
Net income (loss) adjusted (millions) (3)	\$ 102.1	\$ 332.0	\$ 857.8	\$
Earnings per share (basic and diluted):				
Operating income (loss)	\$ 0.41	\$ 0.36	\$ 0.86	\$
Net income (loss)	\$ 0.13	\$ 0.33	\$ 1.07	\$
Net income (loss) adjusted (3)	\$ 0.13	\$ 0.33	\$ 1.12	\$
Adjusted earnings per share (4):				
Operating income (loss)	\$ 0.33	\$ 0.36	\$ 0.66	\$
Net income (loss)	\$ 0.10	\$ 0.33	\$ 0.82	\$
Net income (loss) adjusted (3)	\$ 0.10	\$ 0.33	\$ 0.86	\$
Total assets, at period end (billions)	\$ 57.9	\$ 59.4	\$ 53.4	\$
Total equity, at period end (billions)	\$ 9.6	\$ 10.3	\$ 9.9	\$
Book value per share, at period end	\$ 9.63	\$ 10.26	\$ 12.89	\$
Book value per share, excluding FAS 115, at period end	\$ 9.56	\$ 9.89	\$ 12.48	\$

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Return on equity	12.9%	14.3%	13.7%
Return on equity, excluding FAS 115	13.1%	14.7%	14.3%
Weighted average number of common shares outstanding and common stock equivalents (basic and diluted) (millions)			
	794.7	1,000.0	769.0
Common shares outstanding at period end (millions)			
	1,000.0	1,000.0	769.0

This report has been restated to reflect the corporate reorganization of Travelers Property Casualty Corp. (TPC, formerly known as The Travelers Insurance Group Inc.).

- (1) The 3Q01 operating loss and net loss include a charge of \$489.5 million related to the terrorist attack on September 11, 2001. This also impacted ROE for the quarter. The 3Q01 adjusted excludes the effect of this event. Assets, equity and book value have not been adjusted.
- (2) Operating income excludes realized investment gains (losses), restructuring charges and the cumulative effect of changes in accounting principles, and is reflected net of tax.
- (3) The 2001 quarters are adjusted to exclude goodwill amortization. Goodwill is not amortized due to the adoption of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" effective January 1, 2002.
- (4) Adjusted earnings per share have been computed assuming the 231.0 million shares issued from the March 2002 initial public offering were issued and outstanding for all periods presented.

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TRAVELERS PROPERTY CASUALTY CORP.
AFTER-TAX OPERATING INCOME BY SOURCE

[TRAVELERS LOGO]

(in millions)

	1Q 2001	2Q 2001	3Q 2001
	-----	-----	-----
PROPERTY CASUALTY OPERATIONS			
Underwriting:			
Commercial Lines	\$ (11.2)	\$ (18.2)	\$ (417.8)
Personal Lines	3.3	(35.7)	(45.8)
	-----	-----	-----
Total GAAP underwriting gain (loss)	(7.9)	(53.9)	(463.6)
	-----	-----	-----
Other income	18.0	26.6	13.4
Net investment income	387.0	379.5	353.0
	-----	-----	-----
Operating income (loss) from Property Casualty Operations	397.1	352.2	(97.2)
Operating loss from Interest Expense and Other	(48.3)	(37.9)	(24.5)
	-----	-----	-----
Total operating income (loss)	\$ 348.8	\$ 314.3	\$ (121.7)

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	=====	=====	=====
Dividends declared (2)	\$ 50.0	\$ 318.5	\$ 157.5
Effective tax rate on property casualty net investment income	27.1%	27.0%	26.2%
	1Q 2002	2Q 2002	YTD 2Q 2001
	-----	-----	-----
PROPERTY CASUALTY OPERATIONS			
Underwriting:			
Commercial Lines	\$ (12.9)	\$ 29.1	\$ (29.1)
Personal Lines	(17.4)	(11.6)	(32.1)
	-----	-----	-----
Total GAAP underwriting gain (loss)	(30.3)	17.5	(61.1)
	-----	-----	-----
Other income	18.7	16.5	44.1
Net investment income	360.4	346.5	766.1
	-----	-----	-----
Operating income (loss) from Property Casualty Operations	348.8	380.5	749.1
Operating loss from Interest Expense and Other	(22.2)	(23.7)	(86.1)
	-----	-----	-----
Total operating income (loss)	\$ 326.6	\$ 356.8	\$ 663.1
	=====	=====	=====
Dividends declared (2)	\$5,252.5	\$ --	\$ 368.1
Effective tax rate on property casualty net investment income	26.0%	25.5%	27.1%

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

(2) 1Q02 dividends were primarily paid in the form of notes which were substantially prepaid from the \$4.1 billion of net proceeds from the March 2002 initial public offering and the issuance of \$892.5 million of convertible notes.

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TRAVELERS PROPERTY CASUALTY CORP.
EARNINGS PER SHARE
(in millions)

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	1Q 2001	2Q 2001	3Q 2001
	-----	-----	-----
EARNINGS PER SHARE (BASIC AND DILUTED)			

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Operating income (loss)	\$0.45	\$0.41	\$(0.16)
Realized investment gains (losses)	0.16	0.04	0.08
Cumulative effect of changes in accounting principles	0.01	--	--
	-----	-----	-----
Net income (loss)	0.62	0.45	(0.08)
Goodwill amortization	0.03	0.02	0.03
	-----	-----	-----
Net income (loss) adjusted for goodwill amortization	\$0.65	\$0.47	\$(0.05)
	=====	=====	=====

ADJUSTED EARNINGS PER SHARE (2)

Operating income (loss)	\$0.35	\$0.31	\$(0.12)
Realized investment gains (losses)	0.13	0.03	0.06
Cumulative effect of changes in accounting principles	--	--	--
	-----	-----	-----
Net income (loss)	0.48	0.34	(0.06)
Goodwill amortization	0.02	0.02	0.02
	-----	-----	-----
Net income (loss) adjusted for goodwill amortization	\$0.50	\$0.36	\$(0.04)
	=====	=====	=====

1Q	2Q
2002	2002
-----	-----

EARNINGS PER SHARE (BASIC AND DILUTED)

Operating income (loss)	\$0.41	\$0.36
Realized investment gains (losses)	0.02	(0.03)
Cumulative effect of changes in accounting principles	(0.30)	--
	-----	-----
Net income (loss)	0.13	0.33
Goodwill amortization	--	--
	-----	-----
Net income (loss) adjusted for goodwill amortization	\$0.13	\$0.33
	=====	=====

ADJUSTED EARNINGS PER SHARE (2)

Operating income (loss)	\$0.33	\$0.36
Realized investment gains (losses)	0.01	(0.03)
Cumulative effect of changes in accounting principles	(0.24)	--
	-----	-----
Net income (loss)	0.10	0.33
Goodwill amortization	--	--
	-----	-----
Net income (loss) adjusted for goodwill amortization	\$0.10	\$0.33
	=====	=====

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- (1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.
- (2) Adjusted earnings per share have been computed assuming the 231.0 million shares issued from the March 2002 initial public offering were issued and outstanding for all periods presented.

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TRAVELERS PROPERTY CASUALTY CORP.
 CONSOLIDATED STATEMENT OF INCOME
 (in millions)

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	1Q 2001 -----
REVENUES	
Premiums	\$2,231.9
Net investment income	528.8
Fee income	77.7
Realized investment gains (losses)	192.3
Other revenues	27.4

Total revenues	3,058.1 -----
CLAIMS AND EXPENSES	
Claims and claim adjustment expenses	1,624.8
Amortization of deferred acquisition costs	348.5
Interest expense	65.7
General and administrative expenses	350.9

Total claims and expenses	2,389.9 -----
Income (loss) before federal income taxes and cumulative effect of changes in accounting principles	668.2
Federal income taxes (benefit)	194.1

Income (loss) before cumulative effect of changes in accounting principles	474.1
Cumulative effect of changes in accounting for:	
Derivative instruments and hedging activities, net of tax	4.5
Securitized financial assets, net of tax	--
Goodwill and other intangible assets, net of tax	--

Net income (loss)	\$ 478.6 =====
Other statistics:	
Effective tax rate on net investment income	27.1%
Net investment income (after-tax)	\$ 385.7
Catastrophe losses, net of reinsurance (pre-tax)	\$ 12.6

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Asbestos and environmental losses (pre-tax)

\$ 49.0

	3Q 2001 ADJUSTED (

REVENUES	
Premiums	\$2,363.2
Net investment income	488.1
Fee income	93.2
Realized investment gains (losses)	96.3
Other revenues	20.7

Total revenues	3,061.5

CLAIMS AND EXPENSES	
Claims and claim adjustment expenses	1,724.5
Amortization of deferred acquisition costs	380.8
Interest expense	46.4
General and administrative expenses	309.4

Total claims and expenses	2,461.1

Income (loss) before federal income taxes and cumulative effect of changes in accounting principles	600.4
Federal income taxes (benefit)	170.8

Income (loss) before cumulative effect of changes in accounting principles	429.6
Cumulative effect of changes in accounting for:	
Derivative instruments and hedging activities, net of tax	--
Securitized financial assets, net of tax	--
Goodwill and other intangible assets, net of tax	--

Net income (loss)	\$ 429.6
	=====
Other statistics:	
Effective tax rate on net investment income	26.4
Net investment income (after-tax)	\$ 359.2

Catastrophe losses, net of reinsurance (pre-tax)	\$ --
Asbestos and environmental losses (pre-tax)	\$ 49.0

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	2002

REVENUES	
Premiums	\$2,756.7
Net investment income	464.8
Fee income	108.8
Realized investment gains (losses)	(36.0)
Other revenues	25.5

Total revenues	3,319.8

CLAIMS AND EXPENSES	
Claims and claim adjustment expenses	2,094.3
Amortization of deferred acquisition costs	446.1
Interest expense	39.8
General and administrative expenses	304.4

Total claims and expenses	2,884.6

Income (loss) before federal income taxes and cumulative effect of changes in accounting principles	435.2
Federal income taxes (benefit)	103.2

Income (loss) before cumulative effect of changes in accounting principles	332.0
Cumulative effect of changes in accounting for:	
Derivative instruments and hedging activities, net of tax	--
Securitized financial assets, net of tax	--
Goodwill and other intangible assets, net of tax	--

Net income (loss)	\$ 332.0
	=====
Other statistics:	
Effective tax rate on net investment income	25.5%
Net investment income (after-tax)	\$ 346.4
Catastrophe losses, net of reinsurance (pre-tax)	\$ 22.0
Asbestos and environmental losses (pre-tax)	\$ 65.0

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
CONSOLIDATED STATEMENT OF OPERATING INCOME
(in millions)

[TRAVELERS LOGO]

1Q	2Q	3Q
2001	2001	2001
-----	-----	-----

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REVENUES

Premiums	\$2,231.9	\$2,290.8	\$2,314.
Net investment income	528.8	518.3	488.
Fee income	77.7	83.9	93.
Other revenues	27.4	40.7	20.
	-----	-----	-----
Total revenues	2,865.8	2,933.7	2,916.
	-----	-----	-----

CLAIMS AND EXPENSES

Claims and claim adjustment expenses	1,624.8	1,757.4	2,428.
Amortization of deferred acquisition costs	348.5	373.9	380.
Interest expense	65.7	52.7	46.
General and administrative expenses	350.9	326.6	308.
	-----	-----	-----
Total claims and expenses	2,389.9	2,510.6	3,163.
	-----	-----	-----
Operating income (loss) before federal income taxes	475.9	423.1	(247.
Federal income taxes (benefit)	127.1	108.8	(126.
	-----	-----	-----
Operating income (loss)	\$348.8	\$314.3	\$(121.
	=====	=====	=====

	3Q	
	2001	4Q
	ADJUSTED (1)	2001
	-----	-----

REVENUES

Premiums	\$2,363.2	\$2,574.0	\$2,
Net investment income	488.1	498.8	
Fee income	93.2	92.6	
Other revenues	20.7	26.9	
	-----	-----	---
Total revenues	2,965.2	3,192.3	3,
	-----	-----	---

CLAIMS AND EXPENSES

Claims and claim adjustment expenses	1,724.5	1,954.0	1,
Amortization of deferred acquisition costs	380.8	435.5	
Interest expense	46.4	40.1	
General and administrative expenses	308.2	342.4	
	-----	-----	---
Total claims and expenses	2,459.9	2,772.0	2,
	-----	-----	---
Operating income (loss) before federal income taxes	505.3	420.3	
Federal income taxes (benefit)	137.5	106.0	
	-----	-----	---
Operating income (loss)	\$367.8	\$314.3	\$
	=====	=====	==

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	2Q 2002 -----	YTD 2Q 2001 -----
REVENUES		
Premiums	\$2,756.7	\$4,522.7
Net investment income	464.8	1,047.1
Fee income	108.8	161.6
Other revenues	25.5	68.1
	-----	-----
Total revenues	3,355.8	5,799.5
	-----	-----
CLAIMS AND EXPENSES		
Claims and claim adjustment expenses	2,094.3	3,382.2
Amortization of deferred acquisition costs	446.1	722.4
Interest expense	39.8	118.4
General and administrative expenses	303.2	677.5
	-----	-----
Total claims and expenses	2,883.4	4,900.5
	-----	-----
Operating income (loss) before federal income taxes	472.4	899.0
Federal income taxes (benefit)	115.6	235.9
	-----	-----
Operating income (loss)	\$356.8	\$663.1
	=====	=====

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
PROPERTY CASUALTY OPERATIONS - SELECTED STATISTICS
(in millions)

[TRAVELERS LOGO]

	1Q 2001 -----	2Q 2001 -----
STATUTORY UNDERWRITING		
Net written premiums	\$ 2,387.7	\$ 2,431
Net earned premiums	\$ 2,231.9	\$ 2,290
Losses and loss adjustment expenses	1,578.2	1,723
Other underwriting expenses	678.3	642
	-----	-----
Statutory underwriting gain (loss)	(24.6)	(74
Policyholder dividends	8.9	3
	-----	-----
Statutory underwriting gain (loss) after policyholder dividends	\$ (33.5)	\$ (78

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	=====	=====
STATUTORY COMBINED RATIO (2)		
Loss and loss adjustment expense ratio	70.7%	75
Other underwriting expense ratio	28.4%	26
	-----	-----
Combined ratio	99.1%	101
	=====	=====

IMPACT ON STATUTORY COMBINED RATIO

Catastrophe losses	0.6%	3
Prior-year reserve development	(0.7)%	(1)

GAAP COMBINED RATIO (2,3)

Loss and loss adjustment expense ratio	70.6%	75
Other underwriting expense ratio	27.5%	26
	-----	-----
Combined ratio	98.1%	101
	=====	=====

OTHER STATUTORY STATISTICS

Reserves for losses and loss adjustment expenses	\$19,272.4	\$19,189
Increase (decrease) in reserves*	\$ (155.7)	\$ (82)
Statutory surplus	\$ 7,436.5	\$ 7,554
Net written premiums/surplus (4)	1.24:1	1.25

3Q
2001
ADJUSTED (1)

STATUTORY UNDERWRITING

Net written premiums	\$ 2,482.4
Net earned premiums	\$ 2,363.2
Losses and loss adjustment expenses	1,676.3
Other underwriting expenses	669.7

Statutory underwriting gain (loss)	17.2
Policyholder dividends	7.3

Statutory underwriting gain (loss) after policyholder dividends	\$ 9.9
	=====

STATUTORY COMBINED RATIO (2)

Loss and loss adjustment expense ratio	70.9%
Other underwriting expense ratio	27.0%

Combined ratio	97.9%
	=====

IMPACT ON STATUTORY COMBINED RATIO

Catastrophe losses	--
--------------------	----

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Prior-year reserve development	(0.4)%
GAAP COMBINED RATIO (2,3)	
Loss and loss adjustment expense ratio	70.7%
Other underwriting expense ratio	25.9%

Combined ratio	96.6%
	=====

OTHER STATUTORY STATISTICS

Reserves for losses and loss adjustment expenses	\$19,772.1
Increase (decrease) in reserves*	\$ 582.5
Statutory surplus	\$ 7,465.4
Net written premiums/surplus (4)	1.27:1

2Q
2002

STATUTORY UNDERWRITING

Net written premiums	\$ 3,095.5
Net earned premiums	\$ 2,756.7
Losses and loss adjustment expenses	2,053.9
Other underwriting expenses	760.9

Statutory underwriting gain (loss)	(58.1)
Policyholder dividends	(1.7)

Statutory underwriting gain (loss) after policyholder dividends	\$ (56.4)
	=====

STATUTORY COMBINED RATIO (2)

Loss and loss adjustment expense ratio	74.5%
Other underwriting expense ratio	24.6%

Combined ratio	99.1%
	=====

IMPACT ON STATUTORY COMBINED RATIO

Catastrophe losses	0.8%
Prior-year reserve development	3.4%

GAAP COMBINED RATIO (2,3)

Loss and loss adjustment expense ratio	74.1%
Other underwriting expense ratio	22.5%

Combined ratio	96.6%
	=====

OTHER STATUTORY STATISTICS

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Reserves for losses and loss adjustment expenses	\$20,306.8
Increase (decrease) in reserves*	\$ 113.8
Statutory surplus	\$ 7,645.2
Net written premiums/surplus (4)	1.44:1

- * Payments on environmental and cumulative injury claims incurred in prior years are reflected as a decrease in reserves. Such payments do not have any impact on reported GAAP earnings.
- (1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001. Other statutory statistics have not been adjusted.
- (2) Before policyholder dividends.
- (3) For purposes of computing GAAP combined ratios, fee income is allocated as a reduction of losses and loss adjustment expenses and other underwriting expenses. Fee income allocated as a reduction of losses and loss adjustment expenses and other underwriting expenses was \$40.5 million and \$37.2 million in 1Q01, \$36.6 million and \$47.3 million in 2Q01, \$45.6 million and \$47.6 million in 3Q01, \$45.3 million and \$47.3 million in 4Q01, \$51.6 million and \$51.1 million in 1Q02 and \$52.0 million and \$56.8 million in 2Q02, respectively.
- (4) Based on 12 month rolling net written premiums.

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TRAVELERS PROPERTY CASUALTY CORP.

PROPERTY CASUALTY OPERATIONS - WRITTEN AND EARNED PREMIUMS [TRAVELERS LOGO]
(in millions)

	1Q 2001	2Q 2001	3Q 2001
	-----	-----	-----
WRITTEN PREMIUMS			
Direct	\$2,666.2	\$2,631.1	\$2,782.0
Assumed	177.6	185.1	172.9
Ceded	(456.1)	(385.1)	(521.5)
	-----	-----	-----
Net	\$2,387.7	\$2,431.1	\$2,433.4
	=====	=====	=====
EARNED PREMIUMS			
Direct	\$2,460.1	\$2,534.7	\$2,606.8
Assumed	213.7	186.9	183.3
Ceded	(441.9)	(430.8)	(475.9)
	-----	-----	-----
Net	\$2,231.9	\$2,290.8	\$2,314.2
	=====	=====	=====

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	3Q 2001 ADJUSTED (1)	4Q 2001	1Q 2002
	-----	-----	-----
WRITTEN PREMIUMS			
Direct	\$2,782.0	\$2,916.0	\$3,176.2
Assumed	172.9	137.5	124.5
Ceded	(472.5)	(460.2)	(575.6)
	-----	-----	-----
Net	\$2,482.4	\$2,593.3	\$2,725.1
	=====	=====	=====

EARNED PREMIUMS			
Direct	\$2,606.8	\$2,858.5	\$2,920.8
Assumed	183.3	193.2	150.1
Ceded	(426.9)	(477.7)	(486.3)
	-----	-----	-----
Net	\$2,363.2	\$2,574.0	\$2,584.6
	=====	=====	=====

	2Q 2002	YTD 2Q 2001	YTD 2Q 2002
	-----	-----	-----
WRITTEN PREMIUMS			
Direct	\$3,315.6	\$5,297.3	\$6,491.8
Assumed	189.6	362.7	314.1
Ceded	(409.7)	(841.2)	(985.3)
	-----	-----	-----
Net	\$3,095.5	\$4,818.8	\$5,820.6
	=====	=====	=====

EARNED PREMIUMS			
Direct	\$3,078.5	\$4,994.8	\$5,999.3
Assumed	183.3	400.6	333.4
Ceded	(505.1)	(872.7)	(991.4)
	-----	-----	-----
Net	\$2,756.7	\$4,522.7	\$5,341.3
	=====	=====	=====

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
 COMMERCIAL LINES STATEMENT OF OPERATING INCOME
 (in millions)

[TRAVELERS LOGO]

	1Q 2001 -----	2Q 2001 -----	3Q 2001 -----
REVENUES			
Premiums	\$1,288.5	\$1,312.5	\$1,310.8
Net investment income	416.7	416.9	382.1
Fee income	77.7	83.9	93.2
Other revenues	8.3	22.7	3.3
	-----	-----	-----
Total revenues	1,791.2	1,836.0	1,789.4
	-----	-----	-----
CLAIMS AND EXPENSES			
Claims and claim adjustment expenses	948.2	980.8	1,627.1
Amortization of deferred acquisition costs	188.3	208.3	209.6
Interest expense	--	--	--
General and administrative expenses	245.5	234.4	208.7
	-----	-----	-----
Total claims and expenses	1,382.0	1,423.5	2,045.4
	-----	-----	-----
Operating income (loss) before federal income taxes	409.2	412.5	(256.0)
Federal income taxes (benefit)	108.5	110.0	(124.0)
	-----	-----	-----
Operating income (loss)	\$300.7	\$302.5	\$(132.0)
	=====	=====	=====

	3Q 2001 ADJUSTED (1) -----	4Q 2001 -----	1Q 2002 -----
REVENUES			
Premiums	\$1,355.8	\$1,535.2	\$1,554.6
Net investment income	382.1	400.6	382.4
Fee income	93.2	92.6	102.7
Other revenues	3.3	7.1	7.7
	-----	-----	-----
Total revenues	1,834.4	2,035.5	2,047.4
	-----	-----	-----
CLAIMS AND EXPENSES			
Claims and claim adjustment expenses	983.1	1,155.6	1,200.2
Amortization of deferred acquisition costs	209.6	258.7	251.3
Interest expense	--	--	0.6
General and administrative expenses	208.7	243.6	233.3
	-----	-----	-----
Total claims and expenses	1,401.4	1,657.9	1,685.4

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	-----	-----	-----
Operating income (loss) before federal income taxes	433.0	377.6	362.0
Federal income taxes (benefit)	117.1	96.6	84.4
Operating income (loss)	\$315.9	\$281.0	\$277.6
	=====	=====	=====

	2Q 2002	YTD 2Q 2001	YTD 2Q 2002
	-----	-----	-----
REVENUES			
Premiums	\$1,688.4	\$2,601.0	\$3,243.0
Net investment income	369.7	833.6	752.1
Fee income	108.8	161.6	211.5
Other revenues	6.2	31.0	13.9
	-----	-----	-----
Total revenues	2,173.1	3,627.2	4,220.5
	-----	-----	-----

CLAIMS AND EXPENSES

Claims and claim adjustment expenses	1,276.2	1,929.0	2,476.4
Amortization of deferred acquisition costs	265.8	396.6	517.1
Interest expense	0.6	--	1.2
General and administrative expenses	218.4	479.9	451.7
	-----	-----	-----
Total claims and expenses	1,761.0	2,805.5	3,446.4
	-----	-----	-----

Operating income (loss) before federal income taxes	412.1	821.7	774.1
Federal income taxes (benefit)	101.6	218.5	186.0
	-----	-----	-----
Operating income (loss)	\$310.5	\$603.2	\$588.1
	=====	=====	=====

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
COMMERCIAL LINES - SELECTED STATISTICS
(in millions)

[TRAVELERS LOGO]

	1Q 2001	2Q 2001
	-----	-----
GAAP OPERATING INCOME (LOSS)	\$ 300.7	\$ 302.5
	=====	=====

STATUTORY UNDERWRITING

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Statutory underwriting gain (loss)	24.7	
Policyholder dividends	7.3	
	-----	-----
Statutory underwriting gain (loss) after policyholder dividends	\$ 17.4	\$
	=====	=====
STATUTORY COMBINED RATIO (2)		
Loss and loss adjustment expense ratio	69.0%	
Other underwriting expense ratio	28.2%	
	-----	-----
Combined ratio	97.2%	-----
	=====	=====
IMPACT ON STATUTORY COMBINED RATIO		
Catastrophe losses	--	
Prior-year reserve development	(0.4)%	
GAAP COMBINED RATIO (2,3)		
Loss and loss adjustment expense ratio	68.6%	
Other underwriting expense ratio	26.4%	
	-----	-----
Combined ratio	95.0%	-----
	=====	=====
OTHER STATISTICS		
Effective tax rate on net investment income	25.8%	
Net investment income (after-tax)	\$ 283.7	\$
Catastrophe losses, net of reinsurance (pre-tax)	\$ --	\$
Asbestos and environmental losses (pre-tax)	\$ 49.0	\$
Goodwill amortization	\$ 12.0	\$
	-----	-----
	2Q	2
	2002	20
	-----	-----
GAAP OPERATING INCOME (LOSS)	\$ 310.5	\$ 6
	=====	=====
STATUTORY UNDERWRITING		
Net written premiums	\$1,921.5	\$2,8
Net earned premiums	\$1,688.4	\$2,6
Losses and loss adjustment expenses	1,235.5	1,8
Other underwriting expenses	482.0	8
	-----	-----
Statutory underwriting gain (loss)	(29.1)	(
Policyholder dividends	(1.7))
	-----	-----
Statutory underwriting gain (loss) after policyholder dividends	\$ (27.4)	\$ (
	=====	=====
STATUTORY COMBINED RATIO (2)		

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Loss and loss adjustment expense ratio	73.2%	
Other underwriting expense ratio	25.1%	
	-----	-----
Combined ratio	98.3%	1
	=====	=====

IMPACT ON STATUTORY COMBINED RATIO

Catastrophe losses	--	
Prior-year reserve development	5.4%	

GAAP COMBINED RATIO (2,3)

Loss and loss adjustment expense ratio	72.6%	
Other underwriting expense ratio	22.2%	
	-----	-----
Combined ratio	94.8%	
	=====	=====

OTHER STATISTICS

Effective tax rate on net investment income	24.9%	
Net investment income (after-tax)	\$ 277.5	\$ 6
Catastrophe losses, net of reinsurance (pre-tax)	\$ --	\$
Asbestos and environmental losses (pre-tax)	\$ 65.0	\$
Goodwill amortization	\$ --	\$

- (1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.
- (2) Before policyholder dividends.
- (3) For purposes of computing GAAP combined ratios, fee income is allocated as a reduction of losses and loss adjustment expenses and other underwriting expenses. Fee income allocated as a reduction of losses and loss adjustment expenses and other underwriting expenses was \$40.5 million and \$37.2 million in 1Q01, \$36.6 million and \$47.3 million in 2Q01, \$45.6 million and \$47.6 million in 3Q01, \$45.3 million and \$47.3 million in 4Q01, \$51.6 million and \$51.1 million in 1Q02 and \$52.0 million and \$56.8 million in 2Q02, respectively.

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TRAVELERS PROPERTY CASUALTY CORP.

COMMERCIAL LINES - NET WRITTEN PREMIUMS BY MARKET AND PRODUCT LINE (in millions) [TRAVELERS LOGO]

1Q	2Q	3Q
2001	2001	2001
-----	-----	-----

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NET WRITTEN PREMIUMS BY MARKET

National Accounts	\$126.2	\$ 77.0	\$115.8
Commercial Accounts	546.9	527.1	528.8
Select Accounts	429.4	439.6	411.7
Bond	167.6	142.4	147.8
Gulf	174.8	189.5	153.9
	-----	-----	-----
Total net written premiums	\$1,444.9	\$1,375.6	\$1,358.0
	=====	=====	=====

NET WRITTEN PREMIUMS BY PRODUCT LINE

Commercial multi-peril	\$450.4	\$421.2	\$411.1
Workers' compensation	308.5	228.7	251.9
Commercial automobile	206.0	203.0	223.3
Property	195.8	241.5	180.1
Fidelity and surety	120.4	133.0	134.5
General liability	163.8	148.2	157.1
	-----	-----	-----
Total net written premiums	\$1,444.9	\$1,375.6	\$1,358.0
	=====	=====	=====

	3Q		
	2001	4Q	1Q
	ADJUSTED (1)	2001	2002
	-----	-----	-----

NET WRITTEN PREMIUMS BY MARKET

National Accounts	\$120.8	\$ 99.9	\$ 96.8
Commercial Accounts	561.8	804.3	859.3
Select Accounts	415.7	432.5	455.0
Bond	147.8	132.4	131.6
Gulf	156.9	90.0	145.0
	-----	-----	-----
Total net written premiums	\$1,403.0	\$1,559.1	\$1,687.7
	=====	=====	=====

NET WRITTEN PREMIUMS BY PRODUCT LINE

Commercial multi-peril	\$415.1	\$475.2	\$514.6
Workers' compensation	256.9	241.5	272.6
Commercial automobile	223.3	282.0	308.6
Property	216.1	215.7	241.1
Fidelity and surety	134.5	118.7	117.4
General liability	157.1	226.0	233.4
	-----	-----	-----
Total net written premiums	\$1,403.0	\$1,559.1	\$1,687.7
	=====	=====	=====

	YTD	YTD
2Q	2Q	2Q
2002	2001	2002

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	-----	-----	-----
NET WRITTEN PREMIUMS BY MARKET			
National Accounts	\$196.8	\$203.2	\$293.6
Commercial Accounts	912.1	1,074.0	1,771.4
Select Accounts	472.9	869.0	927.9
Bond	159.5	310.0	291.1
Gulf	180.2	364.3	325.2
	-----	-----	-----
Total net written premiums	\$1,921.5	\$2,820.5	\$3,609.2
	=====	=====	=====

NET WRITTEN PREMIUMS BY PRODUCT LINE			
Commercial multi-peril	\$527.4	\$871.6	\$1,042.0
Workers' compensation	254.7	537.2	527.3
Commercial automobile	422.4	409.0	731.0
Property	319.5	437.3	560.6
Fidelity and surety	136.3	253.4	253.7
General liability	261.2	312.0	494.6
	-----	-----	-----
Total net written premiums	\$1,921.5	\$2,820.5	\$3,609.2
	=====	=====	=====

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
COMMERCIAL LINES - SELECTED PRODUCTION STATISTICS
(in millions)

[TRAVELERS LOGO]

	1Q 2001 -----	2Q 2001 -----	3Q 2001 -----
NATIONAL ACCOUNTS			
Net written premiums	\$126.2	\$ 77.0	\$115.8
Claim volume under administration	\$766.4	\$478.7	\$414.0
Written fees	\$106.7	\$ 84.4	\$ 73.1
COMMERCIAL ACCOUNTS			
Net written premiums excluding acquisitions (2)	\$546.9	\$527.1	\$528.8
New business premiums (2)	\$102.3	\$106.3	\$115.4
Retention (2,3)	71%	70%	71%
Renewal price change (2,4)	23%	14%	19%

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Net written premiums from acquisitions (5)	\$ --	\$ --	\$ --
SELECT ACCOUNTS			
Net written premiums	\$429.4	\$439.6	\$411.7
New business premiums	\$ 76.0	\$ 71.0	\$ 65.8
Retention (3)	80%	79%	81%
Renewal price change (4)	15%	15%	14%
BOND			
Gross written premiums	\$155.9	\$164.7	\$168.1
Net written premiums	\$167.6	\$142.4	\$147.8
GULF			
Gross written premiums	\$351.8	\$360.1	\$325.7
Net written premiums	\$174.8	\$189.5	\$153.9
	3Q 2001 ADJUSTED (1)	4Q 2001	1Q 2002
	-----	-----	-----
NATIONAL ACCOUNTS			
Net written premiums	\$120.8	\$ 99.9	\$ 96.8
Claim volume under administration	\$414.0	\$593.2	\$871.3
Written fees	\$ 73.1	\$ 96.8	\$138.3
COMMERCIAL ACCOUNTS			
Net written premiums excluding acquisitions (2)	\$561.8	\$636.9	\$675.8
New business premiums (2)	\$115.4	\$183.0	\$187.3
Retention (2,3)	71%	72%	75%
Renewal price change (2,4)	19%	20%	24%
Net written premiums from acquisitions (5)	\$ --	\$167.4	\$183.5
SELECT ACCOUNTS			
Net written premiums	\$415.7	\$432.5	\$455.0
New business premiums	\$ 65.8	\$ 63.0	\$ 66.8
Retention (3)	81%	81%	79%
Renewal price change (4)	14%	14%	17%
BOND			
Gross written premiums	\$168.1	\$157.1	\$178.1
Net written premiums	\$147.8	\$132.4	\$131.6
GULF			

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Gross written premiums	\$325.7	\$248.9	\$309.3
Net written premiums	\$156.9	\$ 90.0	\$145.0

	2Q 2002 -----	YTD 2Q 2001 -----	YTD 2Q 2002 -----
NATIONAL ACCOUNTS			
Net written premiums	\$196.8	\$203.2	\$293.6
Claim volume under administration	\$595.3	\$1,245.1	\$1,466.6
Written fees	\$117.7	\$191.1	\$256.0
COMMERCIAL ACCOUNTS			
Net written premiums excluding acquisitions (2)	\$612.6	\$1,074.0	\$1,288.4
New business premiums (2)	\$171.1	\$208.6	\$358.4
Retention (2,3)	74%	70%	74%
Renewal price change (2,4)	23%	18%	23%
Net written premiums from acquisitions (5)	\$299.5	\$ --	\$483.0
SELECT ACCOUNTS			
Net written premiums	\$472.9	\$869.0	\$927.9
New business premiums	\$ 71.4	\$147.0	\$138.2
Retention (3)	80%	80%	79%
Renewal price change (4)	18%	15%	17%
BOND			
Gross written premiums	\$183.5	\$320.6	\$361.6
Net written premiums	\$159.5	\$310.0	\$291.1
GULF			
Gross written premiums	\$338.7	\$711.9	\$648.0
Net written premiums	\$180.2	\$364.3	\$325.2

- (1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.
- (2) Excludes Northland and Associates acquired in the fourth quarter of 2001.
- (3) Retention represents the estimated percentage of premium available for renewal which renewed in the current period.
- (4) Renewal price change represents the estimated average change in premium on policies that renew, including rate and exposure changes, vs. the average premium on those same policies for their prior term.

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(5) Represents Northland and Associates acquired in the fourth quarter of 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
PERSONAL LINES STATEMENT OF OPERATING INCOME
(in millions)

[TRAVELERS LOGO]

	1Q 2001	2Q 2001	3Q 2001
	-----	-----	-----
REVENUES			
Premiums	\$943.4	\$978.3	\$1,003.4
Net investment income	114.2	102.7	95.9
Other revenues	18.5	17.9	17.4
	-----	-----	-----
Total revenues	1,076.1	1,098.9	1,116.7
	-----	-----	-----
CLAIMS AND EXPENSES			
Claims and claim adjustment expenses	676.6	776.6	801.4
Amortization of deferred acquisition costs	160.2	165.6	171.2
General and administrative expenses	98.8	88.5	98.7
	-----	-----	-----
Total claims and expenses	935.6	1,030.7	1,071.3
	-----	-----	-----
Operating income before federal income taxes	140.5	68.2	45.4
Federal income taxes	44.1	18.5	10.6
	-----	-----	-----
Operating income	\$ 96.4	\$ 49.7	\$ 34.8
	=====	=====	=====

	3Q 2001 ADJUSTED (1)	4Q 2001	1Q 2002
	-----	-----	-----
REVENUES			
Premiums	\$1,007.4	\$1,038.8	\$1,030.0
Net investment income	95.9	97.4	104.3
Other revenues	17.4	19.5	21.1
	-----	-----	-----
Total revenues	1,120.7	1,155.7	1,155.4
	-----	-----	-----
CLAIMS AND EXPENSES			
Claims and claim adjustment expenses	741.4	798.4	785.9
Amortization of deferred acquisition costs	171.2	176.8	175.1

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General and administrative expenses	98.7	96.9	95.7
	-----	-----	-----
Total claims and expenses	1,011.3	1,072.1	1,056.7
	-----	-----	-----
Operating income before federal income taxes	109.4	83.6	98.7
Federal income taxes	33.0	23.5	27.5
	-----	-----	-----
Operating income	\$ 76.4	\$ 60.1	\$ 71.2
	=====	=====	=====

	2Q 2002	YTD 2Q 2001	YTD 2Q 2002
	-----	-----	-----
REVENUES			
Premiums	\$1,068.3	\$1,921.7	\$2,098.3
Net investment income	95.3	216.9	199.6
Other revenues	19.2	36.4	40.3
	-----	-----	-----
Total revenues	1,182.8	2,175.0	2,338.2
	-----	-----	-----
CLAIMS AND EXPENSES			
Claims and claim adjustment expenses	818.1	1,453.2	1,604.0
Amortization of deferred acquisition costs	180.3	325.8	355.4
General and administrative expenses	87.5	187.3	183.2
	-----	-----	-----
Total claims and expenses	1,085.9	1,966.3	2,142.6
	-----	-----	-----
Operating income before federal income taxes	96.9	208.7	195.6
Federal income taxes	26.9	62.6	54.4
	-----	-----	-----
Operating income	\$ 70.0	\$146.1	\$141.2
	=====	=====	=====

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
PERSONAL LINES - SELECTED STATISTICS
(in millions)

[TRAVELERS LOGO]

1Q 2001	2Q 2001	3Q 2001
-----	-----	-----

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GAAP OPERATING INCOME	\$ 96.4	\$ 49.7	\$ 34.8
	=====	=====	=====
STATUTORY UNDERWRITING			
NET WRITTEN PREMIUMS BY PRODUCT LINE			
Auto	\$621.7	\$653.7	\$663.0
Homeowners and other	321.1	401.8	412.4
	-----	-----	-----
Total net written premiums	\$942.8	\$1,055.5	\$1,075.4
	=====	=====	=====
NET WRITTEN PREMIUMS BY DISTRIBUTION CHANNEL			
Independent agents	\$756.2	\$847.0	\$868.1
Additional distribution	159.1	174.5	179.7
Other	27.5	34.0	27.6
	-----	-----	-----
Total net written premiums	\$942.8	\$1,055.5	\$1,075.4
	=====	=====	=====
Net earned premiums	\$943.4	\$978.3	\$1,003.4
Losses and loss adjustment expenses	676.7	776.5	801.4
Other underwriting expenses	248.0	258.3	273.5
	-----	-----	-----
Statutory underwriting gain (loss)	\$ 18.7	\$(56.5)	\$(71.5)
	=====	=====	=====
STATUTORY COMBINED RATIO			
Loss and loss adjustment expense ratio	71.7%	79.4%	79.9%
Other underwriting expense ratio	26.3%	24.5%	25.4%
	-----	-----	-----
Combined ratio	98.0%	103.9%	105.3%
	=====	=====	=====
IMPACT ON STATUTORY COMBINED RATIO			
Catastrophe losses	--	6.6%	6.4%
Prior-year reserve development	(0.6)%	(1.4)%	(0.5)%
GAAP COMBINED RATIO			
Loss and loss adjustment expense ratio	71.7%	79.4%	79.9%
Other underwriting expense ratio	27.5%	24.3%	25.2%
	-----	-----	-----
Combined ratio	99.2%	103.7%	105.1%
	=====	=====	=====
OTHER STATISTICS			
Effective tax rate on net investment income	29.2%	28.1%	27.7%
Net investment income (after-tax)	\$ 80.9	\$ 73.8	\$ 69.3
Catastrophe losses, net of reinsurance (pre-tax)	\$ --	\$ 65.0	\$ 64.0
Goodwill amortization	\$ 4.5	\$ 4.5	\$ 4.5

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	3Q 2001 ADJUSTED (1) -----	4Q 2001 -----	2 -----
GAAP OPERATING INCOME	\$ 76.4 =====	\$ 60.1 =====	\$ ==
STATUTORY UNDERWRITING			
NET WRITTEN PREMIUMS BY PRODUCT LINE			
Auto	\$663.0	\$652.3	\$6
Homeowners and other	416.4	381.9	3
	-----	-----	-----
Total net written premiums	\$1,079.4 =====	\$1,034.2 =====	\$1,0 ==
NET WRITTEN PREMIUMS BY DISTRIBUTION CHANNEL			
Independent agents	\$871.4	\$836.6	\$8
Additional distribution	180.4	173.8	1
Other	27.6	23.8	--
	-----	-----	-----
Total net written premiums	\$1,079.4 =====	\$1,034.2 =====	\$1,0 ==
Net earned premiums	\$1,007.4	\$1,038.8	\$1,0
Losses and loss adjustment expenses	741.4	798.4	7
Other underwriting expenses	273.5	261.4	2
	-----	-----	-----
Statutory underwriting gain (loss)	\$ (7.5) =====	\$ (21.0) =====	\$ (
STATUTORY COMBINED RATIO			
Loss and loss adjustment expense ratio	73.6%	76.9%	--
Other underwriting expense ratio	25.3%	25.3%	--
	-----	-----	-----
Combined ratio	98.9% =====	102.2% =====	1 ==
IMPACT ON STATUTORY COMBINED RATIO			
Catastrophe losses	--	0.3%	--
Prior-year reserve development	(0.5)%	(0.6)%	--
GAAP COMBINED RATIO			
Loss and loss adjustment expense ratio	73.6%	76.9%	--
Other underwriting expense ratio	25.1%	26.6%	--
	-----	-----	-----
Combined ratio	98.7% =====	103.5% =====	1 ==
OTHER STATISTICS			
Effective tax rate on net investment income	27.7%	27.9%	--
Net investment income (after-tax)	\$ 69.3	\$ 70.2	\$
Catastrophe losses, net of reinsurance (pre-tax)	\$ --	\$ 3.5	\$
Goodwill amortization	\$ 4.5	\$ 5.0	\$

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	2Q 2002 -----	YTD 2Q 2001 -----
GAAP OPERATING INCOME	\$ 70.0 =====	\$ 146.1 =====
STATUTORY UNDERWRITING		
NET WRITTEN PREMIUMS BY PRODUCT LINE		
Auto	\$ 714.6	\$1,275.4
Homeowners and other	459.4	722.9
	-----	-----
Total net written premiums	\$1,174.0 =====	\$1,998.3 =====
NET WRITTEN PREMIUMS BY DISTRIBUTION CHANNEL		
Independent agents	\$961.4	\$1,603.2
Additional distribution	186.2	333.6
Other	26.4	61.5
	-----	-----
Total net written premiums	\$1,174.0 =====	\$1,998.3 =====
Net earned premiums	\$1,068.3	\$1,921.7
Losses and loss adjustment expenses	818.4	1,453.2
Other underwriting expenses	278.9	506.3
	-----	-----
Statutory underwriting gain (loss)	\$ (29.0) =====	\$ (37.8) =====
STATUTORY COMBINED RATIO		
Loss and loss adjustment expense ratio	76.6%	75.6%
Other underwriting expense ratio	23.8%	25.3%
	-----	-----
Combined ratio	100.4% =====	100.9% =====
IMPACT ON STATUTORY COMBINED RATIO		
Catastrophe losses	2.1%	3.4%
Prior-year reserve development	0.4%	(1.0)%
GAAP COMBINED RATIO		
Loss and loss adjustment expense ratio	76.6%	75.6%
Other underwriting expense ratio	22.9%	25.8%
	-----	-----
Combined ratio	99.5% =====	101.4% =====
OTHER STATISTICS		
Effective tax rate on net investment income	27.6%	28.7%
Net investment income (after-tax)	\$ 69.0	\$ 154.7

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Catastrophe losses, net of reinsurance (pre-tax)	\$ 22.0	\$ 65.0
Goodwill amortization	\$ --	\$ 9.0

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
 PERSONAL LINES - SELECTED STATISTICS - AUTO [TRAVELERS LOGO]
 (in millions)

	1Q 2001	2Q 2001	3Q 2001	3 20 ADJU
	-----	-----	-----	-----
STATUTORY UNDERWRITING				
NET WRITTEN PREMIUMS BY DISTRIBUTION CHANNEL				
Independent agents	\$ 515.8	\$ 544.3	\$ 558.5	\$ 5
Additional distribution	80.2	77.1	78.2	
Other	25.7	32.3	26.3	
	-----	-----	-----	-----
Total net written premiums	\$ 621.7	\$ 653.7	\$ 663.0	\$ 6
	=====	=====	=====	=====
Net earned premiums	\$ 588.2	\$ 613.7	\$ 632.4	\$ 6
Losses and loss adjustment expenses	462.6	498.7	516.5	5
Other underwriting expenses	151.4	150.7	155.3	1
	-----	-----	-----	-----
Statutory underwriting loss	\$ (25.8)	\$ (35.7)	\$ (39.4)	\$ (
	=====	=====	=====	=====
STATUTORY COMBINED RATIO				
Loss and loss adjustment expense ratio	78.6%	81.3%	81.7%	
Other underwriting expense ratio	24.4%	23.1%	23.4%	
	-----	-----	-----	-----
Combined ratio	103.0%	104.4%	105.1%	1
	=====	=====	=====	=====
Catastrophe losses, net of reinsurance (pre-tax)	\$ --	\$ 13.5	\$ 8.5	\$

	1Q 2002	2Q 2002	YTD 2Q 2001	
	-----	-----	-----	-----
STATUTORY UNDERWRITING				
NET WRITTEN PREMIUMS BY DISTRIBUTION CHANNEL				
Independent agents	\$ 587.1	\$ 610.0	\$ 1,060.1	\$
Additional distribution	79.5	79.4	157.3	
Other	20.5	25.2	58.0	

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Total net written premiums	\$ 687.1	\$ 714.6	\$ 1,275.4	\$
Net earned premiums	\$ 650.8	\$ 674.6	\$ 1,201.9	\$
Losses and loss adjustment expenses	530.9	546.1	961.3	
Other underwriting expenses	159.8	161.5	302.1	
Statutory underwriting loss	\$ (39.9)	\$ (33.0)	\$ (61.5)	\$
STATUTORY COMBINED RATIO				
Loss and loss adjustment expense ratio	81.6%	81.0%	80.0%	
Other underwriting expense ratio	23.3%	22.6%	23.7%	
Combined ratio	104.9%	103.6%	103.7%	
Catastrophe losses, net of reinsurance (pre-tax)	\$ --	\$ --	\$ 13.5	\$

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
 PERSONAL LINES - SELECTED STATISTICS - HOMEOWNERS AND OTHER
 (in millions) [TRAVELERS LOGO]

	1Q 2001	2Q 2001	3Q 2001	3Q 2001 ADJUSTED
STATUTORY UNDERWRITING				
NET WRITTEN PREMIUMS BY DISTRIBUTION CHANNEL				
Independent agents	\$ 240.4	\$ 302.7	\$ 309.6	\$ 312.0
Additional distribution	78.9	97.4	101.5	102.0
Other	1.8	1.7	1.3	1.0
Total net written premiums	\$ 321.1	\$ 401.8	\$ 412.4	\$ 415.0
Net earned premiums	\$ 355.2	\$ 364.6	\$ 371.0	\$ 375.0
Losses and loss adjustment expenses	214.1	277.8	284.9	233.0
Other underwriting expenses	96.6	107.6	118.2	118.0
Statutory underwriting gain (loss)	\$ 44.5	\$ (20.8)	\$ (32.1)	\$ 23.0
STATUTORY COMBINED RATIO				
Loss and loss adjustment expense ratio	60.3%	76.2%	76.8%	62.0%
Other underwriting expense ratio	30.1%	26.8%	28.7%	28.0%
Combined ratio	90.4%	103.0%	105.5%	90.0%

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Catastrophe losses, net of reinsurance (pre-tax) \$ -- \$ 51.5 \$ 55.5 \$ --

	4Q 2001	1Q 2002	2Q 2002	YTD 2Q 2001
	-----	-----	-----	-----

STATUTORY UNDERWRITING

NET WRITTEN PREMIUMS BY DISTRIBUTION CHANNEL

Independent agents	\$ 285.4	\$ 263.6	\$ 351.4	\$ 543.1
Additional distribution	95.4	85.5	106.8	176.3
Other	1.1	1.2	1.2	3.5
	-----	-----	-----	-----
Total net written premiums	\$ 381.9	\$ 350.3	\$ 459.4	\$ 722.9
	=====	=====	=====	=====

Net earned premiums	\$ 382.5	\$ 379.2	\$ 393.7	\$ 719.8
Losses and loss adjustment expenses	265.7	254.8	272.3	491.9
Other underwriting expenses	109.0	101.8	117.4	204.2
	-----	-----	-----	-----
Statutory underwriting gain (loss)	\$ 7.8	\$ 22.6	\$ 4.0	\$ 23.7
	=====	=====	=====	=====

STATUTORY COMBINED RATIO

Loss and loss adjustment expense ratio	69.5%	67.2%	69.2%	68.3%
Other underwriting expense ratio	28.5%	29.1%	25.6%	28.2%
	-----	-----	-----	-----
Combined ratio	98.0%	96.3%	94.8%	96.5%
	=====	=====	=====	=====

Catastrophe losses, net of reinsurance (pre-tax) \$ 4.4 \$ 16.0 \$ 22.0 \$ 51.5

(1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.

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TRAVELERS PROPERTY CASUALTY CORP.
PERSONAL LINES - SELECTED PRODUCTION STATISTICS

[TRAVELERS LOGO]

(in millions)

	1Q 2001	2Q 2001	3Q 2001	3Q 2001 ADJUSTED (1)	4Q 2001	1Q 2002
AUTO						
Net written premiums excluding acquisitions (2)	\$621.7	\$653.7	\$663.0	\$663.0	\$628.6	\$652.3

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Policies in force (PIF) (in thousands) (2)	1,861	1,876	1,880	1,880	1,874	1,873
New business PIF (in thousands) (2)	107	118	113	113	100	100
Retention* (2,3)	79%	79%	79%	79%	79%	80%
Renewal price change* (2,4)	7%	7%	7%	7%	6%	7%
Net written premiums from acquisitions (5)	\$ --	\$ --	\$ --	\$ --	\$ 23.7	\$ 34.8
HOMEOWNERS AND OTHER						
Net written premiums excluding acquisitions (2)	\$321.1	\$401.8	\$412.4	\$416.4	\$380.3	\$347.8
Policies in force (PIF) (in thousands) (2)	3,521	3,517	3,503	3,503	3,481	3,459
New business PIF (in thousands) (2)	121	136	144	144	124	112
Retention (2,3)	79%	80%	80%	80%	80%	80%
Renewal price change (2,4)	10%	10%	10%	10%	10%	12%
Net written premiums from acquisitions (5)	\$ --	\$ --	\$ --	\$ --	\$ 1.6	\$ 2.5

* Represents standard voluntary automobile business, which represents approximately 95% and 92% of total auto policies in force for YTD 2Q 2001 and 2002, respectively.

- (1) 3Q01 adjusted data excludes the effect of the terrorist attack on September 11, 2001.
- (2) Excludes Northland and Associates acquired in the fourth quarter of 2001.
- (3) Retention represents the estimated percentage of policies from the prior year period renewed in the current period.
- (4) Renewal price change represents the estimated average change in premium on policies that renew, including rate and exposure changes, vs. the average premium on those same policies for their prior term.
- (5) Represents Northland acquired in the fourth quarter of 2001.

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TRAVELERS PROPERTY CASUALTY CORP.

[TRAVELERS LOGO]

INTEREST EXPENSE AND OTHER STATEMENT OF OPERATING LOSS
(in millions)

	1Q 2001	2Q 2001	3Q 2001	4Q 2001	1Q 2002
--	------------	------------	------------	------------	------------

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REVENUES

Net investment income	\$ (2.1)	\$ (1.3)	\$ 10.1	\$ 0.8	\$ 1
Other revenues	0.6	0.1	--	0.3	--
Total revenues	(1.5)	(1.2)	10.1	1.1	1

CLAIMS AND EXPENSES

Interest expense	65.7	52.7	46.4	40.1	35
General and administrative expenses	6.6	3.7	0.8	1.9	(0)
Total claims and expenses	72.3	56.4	47.2	42.0	35
Operating loss before federal income benefit	(73.8)	(57.6)	(37.1)	(40.9)	(34)
Federal income tax benefit	(25.5)	(19.7)	(12.6)	(14.1)	(11)
Operating loss	\$ (48.3)	\$ (37.9)	\$ (24.5)	\$ (26.8)	\$ (22)

OTHER STATISTICS

Goodwill amortization	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.3	\$ --
-----------------------	--------	--------	--------	--------	-------

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TRAVELERS PROPERTY CASUALTY CORP.
CONSOLIDATED BALANCE SHEET
(in millions)

[TRAVELERS LOGO]

	JUNE 30, 2002	DECEMBER 31, 2001
	-----	-----
ASSETS		
Fixed maturities, available for sale at fair value (including \$745.4 and \$975.7 subject to securities lending agreements) (amortized cost \$26,200.8 and \$25,460.5)	\$ 26,778.3	\$ 25,850.7
Equity securities, at fair value (cost \$991.8 and \$1,078.7)	993.3	1,082.3
Mortgage loans	262.1	274.4
Real estate held for sale	39.1	38.3
Short-term securities	2,964.1	2,798.3
Trading securities, at fair value	337.8	628.1
Other investments	1,994.7	1,946.5
Total investments	33,369.4	32,618.6
Cash	227.7	236.9
Investment income accrued	348.0	359.5
Premium balances receivable	3,866.0	3,657.0

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Reinsurance recoverables	10,991.0	11,047.3
Deferred acquisition costs	848.6	768.1
Deferred federal income taxes	1,097.4	1,182.4
Contractholder receivables	2,170.5	2,197.8
Goodwill	2,411.5	2,576.5
Other assets	4,055.5	3,133.7
	-	-
TOTAL ASSETS	\$ 59,385.6	\$ 57,777.8
	=====	=====

	JUNE 30, 2002	DECEMBER 31, 2001
	-----	-----
LIABILITIES		
Claims and claim adjustment expense reserves	\$30,735.2	\$ 30,736.6
Unearned premium reserves	6,142.9	5,666.9
Contractholder payables	2,170.5	2,197.8
Notes payable to affiliates	1,500.0	1,697.7
Long-term debt	379.8	379.8
Convertible junior subordinated notes payable	867.4	-
Other liabilities	6,425.7	5,512.7
	-----	-----
TOTAL LIABILITIES	48,221.5	46,191.5
	-----	-----

TIGHI - obligated mandatorily redeemable securities of subsidiary trusts holding solely junior subordinated debt securities of TIGHI	900.0	900.0
--	-------	-------

SHAREHOLDERS' EQUITY

Common Stock:

Class A, \$.01 par value, 1,500 million shares authorized, 500 million issued and outstanding	5.0	2.7
Class B, \$.01 par value, 1,500 million shares authorized, 500 million issued and outstanding	5.0	5.0
Additional paid-in capital	8,538.4	4,433.0
Retained earnings	1,343.3	6,004.2
Accumulated other changes in equity from nonowner sources	372.4	241.4
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	10,264.1	10,686.3
	-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$59,385.6	\$ 57,777.8
	=====	=====

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TRAVELERS PROPERTY CASUALTY CORP.
INVESTMENT PORTFOLIO
(at carrying value, in millions)

[TRAVELERS LOGO]

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	AT JUNE 30, 2002	PRE-TAX BOO YIELD
INVESTMENT PORTFOLIO		
Taxable fixed maturities (including redeemable preferred stock)	\$ 15,265.9	7.0
Tax-exempt fixed maturities	11,512.4	5.0
Non-redeemable preferred stocks	907.6	6.8
Common stocks	85.7	N/
Mortgage loans	262.1	10.3
Real estate held for sale	39.1	1.5
Short-term securities	2,964.1	1.9
Trading securities	337.8	N/
Other investments (1)	1,994.7	N/
	-----	-----
TOTAL INVESTMENTS	\$ 33,369.4	5.8
	=====	=====
Net unrealized gain on investment securities, net of tax, included in shareholders' equity	\$ 376.8	
	=====	

(1) Primarily includes securities partnership interests held for long-term appreciation. Other investments that generate only intermittent income are also included in this category and yields fluctuate accordingly.

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TRAVELERS PROPERTY CASUALTY CORP.
INVESTMENT PORTFOLIO - FIXED MATURITIES DATA
(at carrying value, in millions)

[TRAVELERS LOGO]

Fixed maturities

Mortgage-backed securities - principally obligations of U.S. Government agencies	\$
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	
Corporates (including redeemable preferreds)	
Obligations of states and political subdivisions	1
Debt securities issued by foreign governments	
Trading securities	

Total fixed maturities	\$ 2
	=====

FIXED MATURITIES
QUALITY CHARACTERISTICS*
(as of June 30, 2002)

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	AMOUNT
Quality Ratings	
Aaa	\$ 1
Aa	
A	
Baa	
Total investment grade	2
Ba	
B	
Caa and lower	
Total below investment grade	
Total fixed maturities, excluding trading securities	\$ 2
Trading securities	
Average weighted quality	
Average duration of fixed maturities and short-term securities	
Average duration of fixed maturities (excluding short-term securities)	

* Rated using external rating agencies, or by Travelers Property Casualty Corp.'s internal analysts when a public rating does not exist. Below investment grade assets refer to securities rated "Ba1" or below.

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TRAVELERS PROPERTY CASUALTY CORP.
NET INVESTMENT INCOME
(in millions)

[TRAVELERS LOGO]

	1Q 2001	2Q 2001	3Q 2001	4Q 2001	1Q 2002	
GROSS INVESTMENT INCOME						
Fixed maturities	\$ 428.6	\$ 436.1	\$ 410.5	\$ 425.1	\$ 422.0	\$
Mortgage loans	7.1	7.2	7.1	6.9	6.9	
Other, including trading	106.2	84.9	82.3	78.2	67.7	
	541.9	528.2	499.9	510.2	496.6	
Investment expenses	13.1	9.9	11.8	11.4	8.8	
Net investment income, pre-tax	528.8	518.3	488.1	498.8	487.8	
Federal income taxes	143.1	139.3	128.9	130.8	126.7	

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Net investment income, after-tax	\$ 385.7	\$ 379.0	\$ 359.2	\$ 368.0	\$ 361.1	\$
Effective tax rate	27.1%	26.9%	26.4%	26.2%	26.0%	
Average invested assets	\$31,121.4	\$30,949.4	\$30,868.0	\$31,972.2	\$32,547.3	\$32
Average yield pre-tax	7.1%	7.0%	6.5%	6.5%	6.2%	
Average yield after-tax	5.2%	5.1%	4.8%	4.8%	4.6%	

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TRAVELERS PROPERTY CASUALTY CORP.

[TRAVELERS LOGO]

REALIZED AND UNREALIZED INVESTMENT GAINS (LOSSES)

(in millions)

	1Q 2001	2Q 2001	3Q 2001	4Q 2001	1Q 2002
REALIZED INVESTMENT GAINS (LOSSES)					
Fixed maturities	\$ 209.0	\$ 7.2	\$ 113.2	\$ 1.6	\$ 31.0
Equity securities	(12.9)	28.5	(12.1)	(11.6)	(1.0)
Other	(3.8)	13.6	(4.8)	(5.4)	(1.0)
Realized investment gains (losses)	\$ 192.3	\$ 49.3	\$ 96.3	\$ (15.4)	\$ 28.0
Gross gains on sale	\$ 262.0	\$ 125.7	\$ 143.7	\$ 141.9	\$ 126.0
Gross losses on sale	(46.2)	(73.3)	(28.6)	(56.5)	(35.0)
Impairments	(23.5)	(3.1)	(18.8)	(100.8)	(62.0)
Realized investment gains (losses)	\$ 192.3	\$ 49.3	\$ 96.3	\$ (15.4)	\$ 28.0
UNREALIZED INVESTMENT GAINS (LOSSES)					
Fixed maturities	\$ 97.1	\$ (239.3)	\$ 293.4	\$ (430.2)	\$ (246.0)
Equity securities	15.7	7.7	4.7	18.9	(15.0)
Related taxes	112.8	(231.6)	298.1	(411.3)	(261.0)
Change in unrealized gains (losses) on investment securities	73.4	(150.6)	193.7	(267.4)	(169.0)
Balance, beginning of period	407.1	480.5	329.9	523.6	256.0
Balance, end of period	\$ 480.5	\$ 329.9	\$ 523.6	\$ 256.2	\$ 86.0

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TRAVELERS PROPERTY CASUALTY CORP.
 STATUTORY RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSE
 (in millions)

[TRAVELERS LOGO]

	1Q 2001	2Q 2001	3Q 2001	4Q 2001	1Q 2002
	-----	-----	-----	-----	-----
COMMERCIAL LINES					
Beginning of period	\$16,859.2	\$16,738.1	\$16,615.2	\$17,135.2	\$17,488.6
Acquisitions	--	--	--	595.8	--
Incurred*	901.5	947.0	1,578.9	1,112.6	1,149.8
Paids	(1,022.6)	(1,069.9)	(1,058.9)	(1,355.0)	(1,228.9)
End of period	\$16,738.1	\$16,615.2	\$17,135.2	\$17,488.6	\$17,409.5
	=====	=====	=====	=====	=====
PERSONAL LINES					
Beginning of period	\$ 2,568.9	\$ 2,534.3	\$ 2,574.4	\$ 2,636.9	\$ 2,725.9
Acquisitions	--	--	--	26.9	--
Incurred*	676.7	776.5	801.4	798.4	785.7
Paids	(711.3)	(736.4)	(738.9)	(736.3)	(728.1)
End of period	\$ 2,534.3	\$ 2,574.4	\$ 2,636.9	\$ 2,725.9	\$ 2,783.5
	=====	=====	=====	=====	=====
TOTAL					
Beginning of period	\$19,428.1	\$19,272.4	\$19,189.6	\$19,772.1	\$20,214.5
Acquisitions	--	--	--	622.7	--
Incurred*	1,578.2	1,723.5	2,380.3	1,911.0	1,935.5
Paids	(1,733.9)	(1,806.3)	(1,797.8)	(2,091.3)	(1,957.0)
End of period	\$19,272.4	\$19,189.6	\$19,772.1	\$20,214.5	\$20,193.0
	=====	=====	=====	=====	=====
* Includes prior-year reserve development:					
Commercial Lines:					
Asbestos, environmental and cumulative injury other than asbestos	\$ 39.0	\$ 45.0	\$ 45.0	\$ 61.0	\$ 64.0
Other	(49.0)	(58.0)	(50.0)	(16.0)	32.0
Total Commercial Lines	(10.0)	(13.0)	(5.0)	45.0	96.0
Personal Lines	(6.0)	(14.0)	(5.0)	(6.0)	5.0
Total	\$ (16.0)	\$ (27.0)	\$ (10.0)	\$ 39.0	\$ 101.0
	=====	=====	=====	=====	=====

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TRAVELERS PROPERTY CASUALTY CORP.
 CAPITALIZATION
 (in millions)

[TRAVELERS LOGO]

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	AT JUNE 30, 2002 -----	DECEMBER 31, 2001 -----
DEBT		
NOTES PAYABLE TO AFFILIATES:		
3.60% Line of credit with Citicorp, due 11/7/2003	\$ 500.0	\$ 1,000.0
Floating Rate Note Payable to Citicorp, fully prepaid by 3/27/02	--	1,000.0
Non-interest bearing Note Payable to Citigroup, due 12/31/02	1,000.0	1,000.0
	-----	-----
	1,500.0	1,000.0
	-----	-----
CONVERTIBLE NOTES:		
4.5% Convertible Junior Subordinated Notes due April 15, 2032	892.5	
Debt issuance costs	(25.1)	
	-----	-----
	867.4	-----
	-----	-----
LONG-TERM DEBT:		
6.75% Notes due 11/15/2006	150.0	
7.81% Notes due 9/16/2011	30.0	
7.75% Notes due 4/15/2026	200.0	
	-----	-----
	380.0	-----
Debt issuance costs	(0.2)	
	-----	-----
	379.8	-----
	-----	-----
Total debt	\$ 2,747.2	\$ 2,000.0
	=====	=====
TRUST SECURITIES:		
8.08% trust securities due April 30, 2036	\$ 800.0	\$ 800.0
8.00% trust securities due May 15, 2036	100.0	100.0
	-----	-----
	\$ 900.0	\$ 900.0
	=====	=====
COMMON EQUITY	\$10,264.1	\$10,264.1
	=====	=====
TOTAL CAPITAL AND DEBT	\$13,911.3	\$13,911.3
	=====	=====
DEBT TO CAPITAL (1)	16.6%	
DEBT AND PREFERRED SECURITIES TO CAPITAL (1)	23.1%	

(1) Assumes 50% equity credit for convertible notes

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TRAVELERS PROPERTY CASUALTY CORP.
STATEMENT OF CASH FLOWS
(in millions)

[TRAVELERS LOGO]

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	1Q 2001	2Q 2001	3Q 2001	4Q 2001	1Q 2002
	-----	-----	-----	-----	-----
NET CASH PROVIDED BY (USED IN)					
OPERATING ACTIVITIES	\$ 272.0	\$ (21.3)	\$ 347.3	\$ 621.1	\$ 254.
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from maturities of investments					
Fixed maturities	379.7	559.4	464.8	677.5	614.
Mortgage loans	4.8	4.4	4.3	2.3	2.
Proceeds from sales of investments					
Fixed maturities	4,986.2	2,985.7	3,324.2	3,170.6	3,126.
Equity securities	86.8	200.3	82.6	85.6	48.
Purchase of investments					
Fixed maturities	(5,860.9)	(3,195.0)	(3,077.1)	(3,856.1)	(3,410.)
Equity securities	(179.2)	79.8	(85.6)	117.6	(87.)
Mortgage loans	--	--	(3.0)	(1.1)	--
Real estate held for sale	(0.5)	(4.0)	(0.7)	(1.0)	--
Short-term securities, (purchases)					
sales, net	347.4	326.1	(1,133.0)	353.4	(295.)
Other investments, net	(183.3)	(40.1)	(57.3)	(389.9)	357.
Securities transactions in course					
of settlement	435.7	(591.3)	141.1	72.8	(131.)
Business acquisitions	--	--	--	(329.5)	--
Net cash provided by (used in)	16.7	325.3	(339.7)	(97.8)	223.
investing activities	=====	=====	=====	=====	=====
CASH FLOWS FROM FINANCING ACTIVITIES					
Issuance of convertible notes, net	--	--	--	--	867.
Issuance of note payable to affiliate	--	--	--	500.0	--
Issuance of short-term debt	--	211.8	--	(211.8)	--
Payment of long-term debt	--	(500.0)	--	--	--
Payment of note payables to affiliates	(401.0)	(139.0)	--	(500.0)	(5,149.)
Issuance of long-term debt to affiliate	--	275.0	--	--	--
Payment of long-term debt to affiliate	--	--	--	(275.0)	--
Initial public offering	--	--	--	--	4,090.
Receipts from former affiliates	157.5	158.5	157.0	2.0	157.
Dividend to parent	(50.0)	(318.5)	(157.5)	--	(157.)
Purchase of real estate from an affiliate	--	--	--	--	(68.)
Transfer of employee benefit obligations					
to affiliates	--	--	--	--	(172.)
Transfer of lease obligations to affiliate	--	--	--	--	(88.)
Return of capital from former subsidiaries	--	--	--	8.0	--
Net cash used in financing activities	(293.5)	(312.2)	(0.5)	(476.8)	(520.)
	=====	=====	=====	=====	=====
Net increase (decrease) in cash	(4.8)	(8.2)	7.1	46.5	(42.)
Cash at beginning of period	196.3	191.5	183.3	190.4	236.
Cash at end of period	\$ 191.5	\$ 183.3	\$ 190.4	\$ 236.9	\$ 194.
	=====	=====	=====	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH

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FLOW INFORMATION										
Income taxes (received) paid	\$	21.0	\$	369.1	\$	(34.8)	\$	(29.7)	\$	(21.0)
Interest paid	\$	36.0	\$	22.5	\$	21.3	\$	49.9	\$	35.0

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 18, 2002

Travelers Property Casualty Corp.

By: /s/ Daniel W. Jackson

Name: Daniel W. Jackson

Title: Assistant Secretary